No. 96-872

(2)

Supreme Court, U.S.
FILED
JAN 2 1997
CLERK

In The

Supreme Court of the United States

October Term, 1996

PHILLIP OINESS AND SUN PRODUCTS GROUP, INC.,

Petitioners,

vs.

WALGREEN COMPANY, ATICO-INTERNATIONAL INCORPORATED, f/k/a J&M ENTERPRISES, d/b/a ATICO, AND NEW ATICO INTERNATIONAL, LTD., d/b/a NEW ATICO, a/k/a ATICO,

Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENTS' BRIEF IN OPPOSITION

DONALD R. DUNNER
Counsel of Record
J. MICHAEL JAKES
FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER
Attorneys for Respondents
1300 I Street, N.W.
Washington, D.C. 20005
(202) 408-4000

70267 (800) 3 APPEAL • (800) 5 APPEAL • (800) BRIEF 21 Lutz Appellate Services, inc.

30 pp

QUESTION PRESENTED

Petitioners' lengthy statement of the questions presented attempts to create issues of constitutional law and to manufacture conflicts with Supreme Court precedent and other circuit courts where none exists.

Restated, the question presented is nothing more than whether the Court of Appeals for the Federal Circuit correctly reversed the judgment below because the jury's damage awards of lost profits for patent infringement were based on speculation and conjecture and thus unsupported by the evidence.

RULE 29.6 STATEMENT

The respondents, Walgreen Company, Atico International, Inc., and New Atico International, Inc., do not have any parent companies or nonwholly-owned subsidiaries.

TABLE OF CONTENTS

	Page
Question Presented	i
Rule 29.6 Statement	ii
Table of Contents	iii
Table of Citations	iv
Preliminary Statement	1
Statement of the Case	2
Reasons for Denying the Writ	10
I. The decision below does not conflict with *Gasperini* or the Seventh Amendment.	10
II. The Federal Circuit has not engaged in a pattern of impermissible fact finding.	13
III. The decision below applied the correct law on the standard of review.	16
IV. The Federal Circuit's procedures do not violate the Seventh Amendment or due process.	19
Conclusion	21

Contents

Page

TABLE OF CITATIONS

Cases Cited:

Baxter Healthcare Corp. v. Spectramed, Inc., 49 F.3d 1575 (Fed. Cir. 1995) 14

Biodex Corp. v. Loredan Biomedical, Inc., 946 F.2d 850 (Fed. Cir. 1991), *cert. denied*, 112 S. Ct. 2957 (1992) 16, 17

Bio-Rad Laboratories, Inc. v. Nicolet Instrument Corp., 739 F.2d 604 (Fed. Cir.), *cert. denied*, 469 U.S. 1038 (1984) 15

Brooke Group Ltd. v. Brown & Williamson Tobacco Corp., 509 U.S. 209 (1993) 12, 13

Consolidated Edison Co. v. NLRB, 305 U.S. 197 (1938) 14

Cooter & Gell v. Hartmarx, 496 U.S. 384 (1990) 11

Devery Implement Co. v. J.I. Case Co., 944 F.2d 724 (10th Cir. 1991) 17

Federal Deposit Ins. Corp. v. United Pacific Ins. Co., 20 F.3d 1070 (10th Cir. 1994) 17

Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 72 F.3d 857 (Fed. Cir. 1995) 15

Contents

	Page
Frank v. Bloom, 634 F.2d 1245 (10th Cir. 1980)	17, 18
Gasperini v. Center for Humanities, Inc., 116 S. Ct. 2211 (1996)	10, 11, 12
Gavin v. Star Brite Corp., 10 USPQ2d 1253 (Fed. Cir. 1988)	15
Hurd v. American Hoist & Derrick Co., 734 F.2d 495 (10th Cir. 1984)	17
Imagineering, Inc. v. Van Klassens, Inc., 53 F.3d 1260 (Fed. Cir. 1995)	14
In re Beattie, 974 F.2d 1309 (Fed. Cir. 1992)	14
Joyce v. Atlantic Richfield Co., 651 F.2d 678 (10th Cir. 1981)	17
Kaspar Wire Works, Inc. v. K-Jack Engineering Co., Inc., Nos. 95-1095, 95-1115, 1995 WL 662674 (Fed. Cir. Nov. 9, 1995)	15
K-B Trucking Co. v. Riss Int'l Corp., 763 F.2d 1148 (10th Cir. 1985)	17
Koon v. United States, 116 S. Ct. 2035 (1996)	11, 12
Lemelson v. Champion Spark Plug Co., No. 91-1511, 1992 WL 158862 (Fed. Cir. 1992)	15

Contents

	Page
Malloy v. Monahan, 73 F.3d 1012 (10th Cir. 1996) ...	17
Markman v. Westview Instruments, Inc., 52 F.3d 967 (Fed. Cir. 1995), *aff'd*, 116 S. Ct. 1384 (1996)	17
Maxwell v. J. Baker, Inc., 86 F.3d 1098 (Fed. Cir. 1996)	14
Milgo Elec. Corp. v. United Business Communications, Inc., 623 F.2d 645 (10th Cir.), *cert. denied*, 449 U.S. 1066 (1980)	17
Modine Mfg. Co. v. Allen, Inc., 917 F.2d 538 (Fed. Cir. 1990)	14
Read Corp. v. Portec, Inc., 970 F.2d 816 (Fed. Cir. 1992)	14
Richardson v. Suzuki Motors Co., 868 F.2d 1226 (Fed. Cir.), *cert. denied*, 493 U.S. 853 (1989)	18
Shatterproof Glass Corp. v. Libbey Owens Ford Co., 758 F.2d 613 (Fed. Cir.), *cert. dismissed*, 474 U.S. 976 (1985)	15
Snellman v. Ricoh Co. Ltd., 862 F.2d 283 (Fed. Cir. 1988), *cert. denied*, 491 U.S. 910 (1989)	15
State Office Sys. v. Olivetti Corp. of Am., 762 F.2d 843 (10th Cir. 1985)	17

Contents

	Page
Story Parchment Co. v. Paterson Paper Co., 282 U.S. 555 (1931)	12
Stringer v. Dilger, 313 F.2d 536 (10th Cir. 1963)	17
Sunward Corp. v. Dun & Bradstreet, Inc., 811 F.2d 511 (10th Cir. 1987)	17
Symons v. Mueller Co., 493 F.2d 972 (10th Cir. 1974)	17
Texas Instruments, Inc. v. Cypress Semiconductor Corp., 90 F.3d 1558 (Fed. Cir. 1996)	17
Thompson v. Kerr-McGee Refining Corp., 660 F.2d 1380 (10th Cir. 1981)	17
Tol-O-Matic, Inc. v. Proma Produkt-und Marketing Gesellschaft m.b.H., 954 F.2d 1546 (Fed. Cir. 1991)	18
United States v. Griffith, Gornall & Carman, Inc., 210 F.2d 11 (10th Cir. 1954)	17
Weinar v. Rollform Inc., 744 F.2d 797 (Fed. Cir. 1984), *cert. denied*, 470 U.S. 1084 (1985)	15
Yazzie v. Sullivent, 561 F.2d 183 (10th Cir. 1977)	17

United States Constitution Cited:

Seventh Amendment 1, 10, 11, 13, 19

Contents

Page

Rules Cited:

D.C. Cir. R. 30(b) 20

Fed. Cir. R. 11(a) 20

Fed. Cir. R. 30(a)(2) 19

Fed. Cir. R. 47.6(b) 15

Fed. R. Civ. P. 50(a) 14

Fed. R. Civ. P. 59(a) 12

5th Cir. Loc. R. 30.1.5 20

Other Authority Cited:

Steven A. Childress, *et al.*, *Federal Standards of Review* § 3.01 (2d ed. 1992) 11

PRELIMINARY STATEMENT

This case presents no issue worthy of review by the Supreme Court. The decision below does not conflict with the decision of any other court, involves no real issues of constitutional law, and presents no important questions of federal law. The case is merely an instance of an appellate court reviewing a jury verdict on patent damages and determining, in accordance with established standards of review, that the jury's damage awards are unsupported by the evidence.

Although the petitioners (collectively referred to as "Oiness") attempt to create conflicts between the decision below and Supreme Court precedent and to conjure up supposed violations of the re-examination clause of the Seventh Amendment, no such issues actually exist in this case. The Federal Circuit's opinion faithfully adheres to established legal principles concerning the review of jury verdicts. In truth, Oiness's chief complaint is with the Federal Circuit's application of those principles in this particular case. Time after time, he criticizes the opinion below for allegedly misstating the facts or otherwise misunderstanding or disregarding the record evidence.

The purpose of a writ of certiorari, however, is not to correct the supposed factual misstatements or misunderstandings by the courts of appeals. Indeed, Oiness has already brought to the Federal Circuit's attention in a petition for rehearing these same supposed "errors" made by the court in reviewing the evidence. That petition was summarily denied. (Pet. App. at A25-A26). Instead of presenting any true issues worthy of Supreme Court review, Oiness essentially seeks the same rehearing in this Court to correct what he perceives as factual mistakes in the Federal Circuit's opinion.

The petition for writ of certiorari is especially meritless

because of its continuous mischaracterization of the trial record. If the Court were to mistakenly grant the petition based on the issues presented by Oiness, it would later discover that the case is nothing like that described in his petition for certiorari. Although the misstatements by Oiness are too numerous to respond to one by one, the following brief statement of the case should serve to correct any erroneous impressions created by the petition.

STATEMENT OF THE CASE

This is a suit for infringement of a patent on an inexpensive consumer product called a "Headchair," which is a small folding headrest for use at the beach. The respondents, Walgreen Company, Atico International, Inc., and New Atico International, Ltd. (collectively referred to as "Walgreen"), sold approximately 142,000 headrests which were found to infringe U.S. Patent No. 4,544,203. Walgreen sold the headrests at an average price of $1.20 to $1.25, for total gross sales of about $180,000.

The petitioners, Phillip Oiness and Sun Products Group, Inc., claimed that their profit on the "Headchair" was $1.33. Multiplying the number of headrests sold by Walgreen by $1.33 resulted in a total of approximately $189,000 in lost profits to Oiness. Since Walgreen had an additional 23,610 headrests left in the stores that were unaccounted for, the maximum number of headrests it could have sold was actually around 166,000, resulting in potential lost profits to Oiness of approximately $221,000.

Nevertheless, on a retrial of damages for patent infringement in 1994 — the first jury had awarded $300,000 in a trial in 1991 — a second jury awarded *over $11 million*. Specifically, the jury awarded actual lost profits of $1,101,240 in the retail market, which grossly exceeded any possible lost profits based

on Walgreen's sales. The jury further awarded *projected* lost profits of $1.4 million in the retail market, $750,000 in the premium market, and an incredible *$8 million* in the advertising specialty market. The total amount of the jury award was $11,251,240 — over 60 times the amount of Walgreen's sales.

The jury rendered its verdict despite the fact that Sun Products itself, throughout its short history from 1984 until it went out of business in 1987, had never made sales approaching anything like those reflected in the damage award. Indeed, the business failed completely in 1987, due to infringement of the patent by a *different* competitor, B&E Sales Co., from whom Oiness and Sun Products have already recovered substantial damages.

Since Oiness had no actual sales on which to rely, the only possible basis for the jury award of projected lost profits was the testimony of Oiness's damages experts. This testimony consisted of blatant speculation and unsupported opinions lacking any proper basis or evidentiary foundation. Despite the lack of evidence to support the jury awards, the trial court denied Walgreen's motion for remittitur, or in the alternative a new trial, on the jury award of $1.1 million in lost profits based on Walgreen's sales. The court further denied Walgreen's renewed motion for judgment as a matter of law (JMOL) that Oiness could not recover projected lost profits on the record evidence. (Pet. App. at A42-A45). In a single paragraph, the trial court cited the conclusory opinions of Oiness's damages experts and concluded that substantial evidence supported the jury's verdicts. (Pet. App. at A43-A44).

On appeal, the Court of Appeals for the Federal Circuit reversed the judgment in part and vacated and remanded in part. Specifically, the court reversed in its entirety the portion of the jury award for projected lost profits in the retail, advertising

speciality, and premium markets ($10,150,000) as based on speculation and therefore unsupported by substantial evidence. (Pet. App. at A10-A17). The Court vacated the portion of the jury award for lost profits based on Walgreen's actual sales ($1,101,240) and remanded to the district court with instructions either to order judgment in the amount of $220,567, or, alternatively, if Oiness refused to accept the reduction of the award, to grant Oiness a new trial on actual damages based on Walgreen's sales. (Pet. App. at A4-A10).[1]

On actual damages, the Federal Circuit reviewed "for an abuse of discretion the decision denying [the] grant of remittitur or a new trial because of an excessive damage award." (Pet. App. at A5). The court determined that "[t]he record shows conclusively that Walgreen sold 142,230 Headrests," and that Walgreen "presented unrebutted testimony that [Walgreen's] records were the most accurate method to determine the number of Headrests Walgreen had available for sale." (Pet. App. at A8-A9).

In contrast, Oiness presented only pictures of the headrests displayed in three Walgreen stores and a Value Line report for investors, which discussed the vague concept of sales per square foot. From the pictures, Oiness presumed that Walgreen devoted one and a half to two square feet of floor space to the headrests in all 1600 of Walgreen's stores. He then multiplied the presumed floor space in each Walgreen store by $379 per square foot from the Value Line report for a five-year period. (Pet. App. at A7).

The Federal Circuit properly rejected this evidence as "add[ing] vague estimation and gross extrapolation to

---

1. The Federal Circuit also reversed the district court's award of prejudgment interest on the future damages portion of the damage award and remanded with instructions that the district court may award interest on the $220,567 award of lost profits. (Pet. App. at A17-A18).

unsupported presumption." (*Id.*). Because the jury's lost profits award of $1,101,240 was not based on substantial evidence, the court granted remittitur, remanding the case to the district court with instructions either to order judgment in the amount of $220,567, or, if Oiness refused to accept the reduction of the award, to grant Oiness a new trial on actual damages based on Walgreen's sales.

In his petition for writ of certiorari, Oiness attacks this portion of the Federal Circuit's opinion, as he did in his petition for rehearing, as "incorrect on every stated point." (Pet. at 6). Although he refers to unidentified "contrary testimony of several witnesses and two experts" (*id.*), there is no basis for challenging the correctness of the Federal Circuit's opinion concerning the record. Oiness simply failed to provide sufficient evidence to support the jury verdict of $1.1 million in lost profits based on Walgreen's actual sales.

In outright reversing the jury awards for projected lost profits in the retail, advertising specialty, and premium markets, the Federal Circuit cited and applied the appropriate standard of review on denial of a renewed motion for judgment as a matter of law (JMOL). Specifically, the court stated the standard of review as follows:

> In considering a motion for JMOL, a trial court reviews the record for substantial evidence to support the jury's verdict. *Federal Deposit Ins. Corp. v. United Pacific Ins. Co.*, 20 F.3d 1070, 1082 (10th Cir. 1984).
>
> On appeal from a decision on a motion for JMOL, this court must review the record for substantial evidence. *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1240, 9 USPQ2d

> 1913, 1924 (Fed. Cir.), *cert. denied*, 493 U.S. 853 (1989).

(Pet. App. at A6).

Applying this standard, the Federal Circuit determined that the jury's awards for projected lost profits in the retail, advertising specialty, and premium markets were unsupported by substantial evidence. In each instance, the court determined that the opinions of Oiness's various damages experts rested on faulty assumptions and were not otherwise supported by the record. And in each instance, the court's opinion correctly summarized the outlandish speculation engaged in by these expert witnesses.

For example, the Federal Circuit determined that the projections of Oiness's expert witness, Douglas MacLachlan, for projected lost profits in the retail market "rest[ed] on faulty assumptions and a lack of reliable economic testimony relevant to this market." (Pet. App. at A13). As the court recognized, MacLachlan's projections improperly relied on figures from the first months after the Headchair's introduction into the marketplace to extrapolate an increasing demand over future years. In particular, there was no evidence to show that these early sales "actually represented sales to customers over this brief period, as opposed to large initial sales to retail outlets which might have languished on store shelves for months." (Pet. App. at A13). Furthermore, MacLachlan admitted that he did not conduct any market surveys of the Headchair, but relied on personal conjecture regarding future sales. (*Id.*). Thus, the court concluded that the record did not support the jury's award of $1.4 million in projected lost profits in the retail market.

As he did in his petition for rehearing to the Federal Circuit, Oiness again attacks the court's opinion on these points. (See

Pet. at 7-8). In particular, he criticizes the portion of the opinion dealing with MacLachlan's testimony, calling it "absurd" and "egregiously false" (Pet. at 8), but never actually demonstrating that it is wrong. To the contrary, a review of MacLachlan's testimony and the chart he prepared (Ct. App. JA A2389) shows just how outlandish his projections actually were. MacLachlan initially projected a 150% increase in 1987 for a six-month period from the first half to the second half of 1987. On an annual basis, that translates to an increase of 300%, or quadrupling of sales in a year. His projected unit sales for 1988 were 258,000, as compared to actual sales in 1987 of only 75,000, an increase of over three times. Moreover, MacLachlan predicted that the annual sales of 258,000 units in 1988 would increase to over 1.2 million units in 2002 — another fourfold increase. Thus, the Federal Circuit correctly concluded that MacLachlan's projections of "more than a doubling of annual sales" and that "Headchair sales would quadruple and double throughout the life of the patent" were unsupported by any economic reasoning. (Pet. App. at A12-A13). Nothing in Oiness's petition undermines any of these conclusions.

Similarly, the Federal Circuit determined that the testimony of Oiness's expert witness in the advertising specialty market, Glen Holt, could not support the jury's damage award of $8 million. (Pet. App. at A14-A15). In particular, the court noted that Holt did not take into account B&E's infringement when projecting lost profits in the advertising specialty market, which was fatal to his predictions. (Pet. App. at A14). Moreover, Holt did no market analysis to determine if market forces, other than infringement, had any effect on his projections of multi-million dollar annual sales and profits. (Pet. App. at A15). The court concluded, "[w]ithout more reliable market analysis, Holt provided no more than speculation upon which the jury cannot base an award." (*Id.*).

As he did in his petition for rehearing, Oiness again attacks this portion of the Federal Circuit's opinion, accusing the court of disregarding "the substantial testimony of an established advertising specialty business" (Pet. at 9), without ever identifying that testimony. In a particularly egregious misstatement of the record, Oiness criticizes the Federal Circuit's opinion for stating that "Holt admitted that he did not take into account" the previous infringement by B&E sales, and asserts to the contrary that "Holt clearly testified as to his specific consideration of B&E's influence." (*Id.*). Nothing could be further from the truth. Holt specifically testified on cross-examination as follows:

> Q. Your projections were given to us on July 15, when your deposition was taken. Is that correct?
>
> A. I believe that's correct.
>
> . . . .
>
> Q. Okay. And as of July 15, 1994, when you gave us your projections, you didn't know even about the existence of B&E. Isn't that correct?
>
> A. Only what was in the exhibits that I saw early on that there was a mention of a B&E, but it did not — t doesn't mean anything to my projections.
>
> Q. Right. So whatever B&E did one way or the other, you didn't know enough about it to take into account in your projections; is that correct?

A. B&E didn't mean anything.

Q. So you didn't take it into account in your projections; correct?

A. No.

Q. "No" means you didn't take them into account?

A. I did not.

(Ct. App. JA at A1279-A80). Thus, the Federal Circuit was clearly correct in stating that Holt did *not* take into account B&E's infringement.

Similarly, the Federal Circuit determined that Oiness's expert witness in the premium market, George Kling, "did not factor the B&E infringement into his calculation" of projected lost profits, which necessarily invalidated his predictions. (Pet. App. at A16). Once again, Oiness challenges this statement without citation to the trial record. (Pet. at 10). A review of that record, however, reveals that Kling specifically testified that he had assumed the B&E infringement did not have an effect on Sun Products' ability to operate in the premium market. (Ct. App. JA at A1349). Indeed, Kling's projections were not based on any information that was specific to the "Headchair." Rather, he made his projections "[o]n the basis of a typical product that had an appeal as a consumer premium." (Ct. App. JA at A1336). Furthermore, Kling's chart showing his lost profits projections in the premium market was not specifically directed to the "Headchair," but rather to some generic premium product. (Ct. App. JA at A1339-A1343). Thus, the Federal Circuit was entirely correct in stating that Kling did not factor the B&E infringement into his calculation of damages.

In sum, the Federal Circuit determined under the appropriate standards of review that the jury's damages awards were unsupported by the evidence and reversed the judgment.

REASONS FOR DENYING THE WRIT

I.

THE DECISION BELOW DOES NOT CONFLICT WITH *GASPERINI* OR THE SEVENTH AMENDMENT.

Oiness asserts that the decision below conflicts directly with this Court's recent decision in *Gasperini v. Center for Humanities, Inc.*, 116 S. Ct. 2211 (1996), and the re-examination clause of the Seventh Amendment. (Pet. at 11-13). To the contrary, the Federal Circuit's opinion is entirely consistent with both this Court's precedent and the Seventh Amendment.

In *Gasperini*, this Court held that the Seventh Amendment re-examination clause is not violated when a denial of a new trial on damages is reviewed for an abuse of discretion. 116 S. Ct. at 2223-24. Consistent with *Gasperini*, the Federal Circuit expressly stated in the opinion below that it was reviewing the district court's denial of Walgreen's motion for new trial on actual lost profits under the abuse of discretion standard. (Pet. App. at A5).

Though not clearly stated, Oiness seems merely to be complaining that the Federal Circuit did not apply the abuse of discretion standard properly in reviewing the denial of the motion for new trial. That is not a basis for granting certiorari. Moreover, Oiness's premise that, instead of reviewing the district court's decision for an abuse of discretion, the Federal Circuit improperly engaged in a *de novo* review of the facts in violation of the Seventh Amendment, is simply untrue.

As an elementary principle of appellate review, the trial court necessarily abuses its discretion when it relies on an error of law. *Koon v. United States*, 116 S. Ct. 2035, 2047 (1996) (citing *Cooter & Gell v. Hartmarx*, 496 U.S. 384, 405 (1990)). Because the district court failed to recognize that the record did not contain legally sufficient evidence to support the jury damage award for actual lost profits, the Federal Circuit necessarily found that it abused its discretion in refusing to grant a new trial on damages.[2] Oiness was unable to point to any evidence in the record to support the jury's excessive award for actual lost profits. Because of this clear legal error, the district court abused its discretion when it did not grant a new trial on actual damages.

Oiness also attempts to engineer a conflict between the decision below and *Gasperini* based on a misguided reading of that case. Oiness takes the view that, under *Gasperini*, the re-examination clause of the Seventh Amendment establishes the abuse of discretion standard for appellate review of all jury verdicts on damages, even when appealed from a denial of a JMOL motion. (Pet. at 22). This reading of *Gasperini* would radically alter the course of well-established jurisprudence on reviewing decisions on JMOL motions, *see* Steven A. Childress *et al., Federal Standards of Review* § 3.01, at 3-6 & n.18 (2d ed. 1992) (citing numerous appellate court cases establishing *de novo* review over lower court decisions on JMOL motions), which was clearly not the Court's intention. Rather, the Court in *Gasperini* was concerned only with appeals from district court

---

2. Oiness attempts to fault the Federal Circuit for not mentioning the district court's "review of the evidence." (Pet. at 5, 7). The district court's "review," however, consisted of a single paragraph, citing the conclusory opinions of Oiness's experts in a single sentence devoted to each. (Pet. App. at A43-A44). Since the Federal Circuit held that the experts' opinions were wholly speculative and unsupported, nothing more needed to be said about the district court's evidentiary "review."

decisions on whether to grant a new trial on damages. This is readily apparent from the opinion in *Gasperini*, which discusses the grant of new trials under Fed. Rule Civ. P. 59(a) and appellate review of a trial court's discretion to grant a new trial. 116 S. Ct. at 2222-24. Nowhere does the Court mention, or even suggest, that this standard should also be applied to appeals from lower court decisions on JMOL motions.

Applying the "substantial evidence" standard to the denial of the JMOL motion on future lost profits, the Federal Circuit determined in the decision below that the jury's damage award was based upon speculation and, as a matter of law, could not stand. This Court has warned that, while damages need not be proven with certainty, they cannot be based upon speculation or guess. *Story Parchment Co. v. Paterson Paper Co.*, 282 U.S. 555, 563 (1931). Here, Oiness relied primarily on the testimony of several expert witnesses, who testified on the amount of damages they believed Oiness had suffered. After finding the bases of their testimony speculative and unfounded, however, the Federal Circuit concluded that their testimony could not support the jury's verdict on damages.

This Court recently reached the same conclusion in another case, *Brooke Group Ltd. v. Brown & Williamson Tobacco Corp.*, 509 U.S. 209 (1993), in which the Court upheld a decision overturning a jury verdict, even though the verdict winner presented testimony from an economic expert supporting its theory of liability. In rejecting the expert testimony as substantial evidence to support the verdict, the Court stated, "When an expert opinion is not supported by sufficient facts to validate it in the eyes of the law, or when indisputable record facts contradict or otherwise render the opinion unreasonable, it cannot support a jury's verdict." *Id.* at 242.

Oiness also attempts to show that the Federal Circuit

engaged in impermissible *de novo* review, rather than substantial evidence review, by listing various words and phrases that it contends demonstrate the Federal Circuit's usurpation of the jury's fact finding role. Oiness's attempt, however, is aborted by this Court's nearly identical analysis in *Brown & Williamson*. There, the Court found that substantial evidence did not exist to support the jury's award and, in doing so, used words similar to the ones listed by Oiness, such as "undisputed," *id.* at 235-36, "ignores," *id.* at 236, "equally consistent," *id.* at 237, "little, if any, weight," *id.* at 237-38, "suggest," *id.* at 239, "improbable," *id.*, "implausible," *id.*, "natural and probable consequence," *id.* at 240, "apparent objective," *id.*, "might," *id.* at 240-41, and "likelihood . . . is . . . low," *id.* at 241. Consequently, use of these words does not signal impermissible substitution of the reviewing court's view of the facts, as Oiness would have this Court believe.

When stripped to its essentials, Oiness's petition presents no constitutional question or other issue worthy of Supreme Court review. The Federal Circuit's legal analysis is entirely consistent with this Court's precedent and the Seventh Amendment. In truth, Oiness is simply dissatisfied with the Federal Circuit's application of well-established rules concerning appellate review of jury verdicts on motions for new trial and JMOL and would prefer a different outcome. Granting certiorari merely to allow Oiness to reargue his case in the Supreme Court, in the vain hope of achieving a different result, is clearly inappropriate. The petition should therefore be denied.

II.

THE FEDERAL CIRCUIT HAS NOT ENGAGED IN A PATTERN OF IMPERMISSIBLE FACT FINDING.

Oiness argues that the decision below is indicative of a

pattern of cases in which the Federal Circuit has dubbed itself the ultimate trier of fact. (Pet. at 16-18). None of the selective quotations supplied by Oiness in his petition, however, lends any credence to this argument. Instead, these quotations reflect the Federal Circuit's exercise of its duty to ensure that jury verdicts are supported by legally sufficient evidence.

In *Read Corp. v. Portec, Inc.*, 970 F.2d 816 (Fed. Cir. 1992), cited by Oiness (Pet. at 16), the Federal Circuit emphasized that the focus of the question raised by the "substantial evidence" standard is reasonability. *Id.* at 821. This is, of course, entirely consistent with this Court's decision in *Consolidated Edison Co. v. NLRB*, 305 U.S. 197, 229 (1938) ("reasonable mind"), and Fed. R. Civ. P. 50(a) ("reasonable jury"). Similarly, the language quoted by Oiness (Pet. at 17) from *Baxter Healthcare Corp. v. Spectramed, Inc.*, 49 F.3d 1575 (Fed. Cir. 1995), and *Imagineering, Inc. v. Van Klassens, Inc.*, 53 F.3d 1260 (Fed. Cir. 1995), shows nothing more than the Federal Circuit's application of the reasonableness standard. The other two cases cited by Oiness, *Modine Mfg. Co. v. Allen, Inc.*, 917 F.2d 538 (Fed. Cir. 1990), and *In re Beattie*, 974 F.2d 1309 (Fed. Cir. 1992) (Pet. at 18), are both cases in which the Federal Circuit *affirmed* the decisions on appeal and did not substitute its own view of the facts. Thus, the cases cited by Oiness clearly do not support his theory of a "pattern" of improper fact finding by the Federal Circuit.

If anything, the Federal Circuit's opinions reflect a strong tendency to defer to the jury's findings on damages. Faced numerous times with challenges to the sufficiency of the evidence supporting jury damage awards in patent infringement suits, the Federal Circuit has repeatedly affirmed those awards after finding them supported by substantial evidence. *See, e.g., Maxwell v. J. Baker, Inc.*, 86 F.3d 1098 (Fed. Cir. 1996) (affirming district court's denial of JMOL motion on damages);

Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 72 F.3d 857 (Fed. Cir. 1995) (affirming district court's denial of JMOL motion on damages); *Snellman v. Ricoh Co. Ltd.*, 862 F.2d 283 (Fed. Cir. 1988) (finding that jury's earlier damage award was supported by substantial evidence), *cert. denied*, 491 U.S. 910 (1989); *Shatterproof Glass Corp. v. Libbey Owens Ford Co.*, 758 F.2d 613 (Fed. Cir.) (affirming district court's denial of motion concerning damages), *cert. dismissed*, 474 U.S. 976 (1985); *Weinar v. Rollform Inc.*, 744 F.2d 797 (Fed. Cir. 1984) (affirming district court's denial of JNOV motion on damages), *cert. denied*, 470 U.S. 1084 (1985); *Bio-Rad Laboratories, Inc. v. Nicolet Instrument Corp.*, 739 F.2d 604 (Fed. Cir.) (affirming district court's denial of new trial on damages), *cert. denied*, 469 U.S. 1038 (1984).[3]

In any event, Oiness's argument that the Federal Circuit has engaged in improper fact finding *in other cases* is no reason for the Court to take *this case*. Even assuming that the Federal Circuit desperately needs supervision by this Court, the present case is not the appropriate one for exercising supervisory review. Here, the Federal Circuit, applying the correct standard of review, simply determined that Oiness had not provided substantial evidence to support the jury verdict, but instead had relied on unsupported assumptions and speculation. Nothing in

---

3. The Federal Circuit reached the same result in a number of other "nonprecedential" decisions, *see, e.g., Kaspar Wire Works, Inc. v. K-Jack Engineering Co., Inc.*, Nos. 95-1095, 95-1115, 1995 WL 662674 (Fed. Cir. Nov. 9, 1995) (nonprecedential) (finding substantial evidence to support jury's damage award); *Lemelson v. Champion Spark Plug Co.*, No. 91-1511, 1992 WL 158862 (Fed. Cir. 1992) (nonprecedential) (affirming district court's denial of new trial on damages); *Gavin v. Star Brite Corp.*, 10 USPQ2d 1253 (Fed. Cir. 1988) (nonprecedential) (finding substantial evidence to support jury damage award). Although such nonprecedential opinions may not be "employed or cited as precedent," Fed. Cir. R. 47.6(b), they represent decisions of the court and further dispel the notion that the Federal Circuit has engaged in a "pattern" of fact finding in derogation of jury damage awards.

the court's opinion suggests that it improperly invaded the province of the jury in overturning the damage awards. Having failed to introduce appropriate evidence of the amount of supposed lost profits, Oiness should not be heard to complain about the failure to give appropriate deference to a jury verdict for which he provided no substantial evidence. No basis exists for granting certiorari in this case.

III.

THE DECISION BELOW APPLIED THE CORRECT LAW ON THE STANDARD OF REVIEW.

Oiness next argues that the Federal Circuit failed to apply the Tenth Circuit's standard of review in reviewing the district court's denial of the motion for JMOL. (Pet. at 20-22). In doing so, however, Oiness has incorrectly assumed, without citing any authority, that the law of the Tenth Circuit determines the standard of review because such review is "an area of law outside the Federal Circuit's jurisdiction." (Pet. at 20). To the contrary, applying the choice of law rule set forth in the Federal Circuit's decision in *Biodex Corp. v. Loredan Biomedical, Inc.*, 946 F.2d 850 (Fed. Cir. 1991), *cert. denied*, 112 S. Ct. 2957 (1992), leads to a selection of the Federal Circuit's law on the standard of review in this case.

In *Biodex*, the Federal Circuit held that it would apply its own law, rather than the law of the regional circuit where the district court is located, when "there is an essential relationship between [the court's] exclusive statutory mandate or our functions as an appellate court and the relevant procedural issue." *Id.* at 858. Thus, the court concluded that the standard of review of a jury verdict absent any post-verdict motion should be decided under Federal Circuit law, since the issue "bears an essential relationship to matter's committed to [the court's]

exclusive control by statute, the appellate review of patent trials." *Id.* at 858-59. Applying this same analysis to review of a jury verdict based on a post-verdict renewed motion for JMOL, the same conclusion is reached — the Federal Circuit's standard of review applies. *See, e.g., Texas Instruments, Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1563 (Fed. Cir. 1996) (applying Federal Circuit law to standard of review of denial of JMOL motion); *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 975 (Fed. Cir. 1995) (*in banc*), *aff'd*, 116 S. Ct. 1384 (1996).

Notwithstanding Oiness's failure even to consider the choice of law rules followed by the Federal Circuit, his argument is unavailing for other reasons. First, in the decision below, the Federal Circuit specifically cited two Tenth Circuit cases, *K-B Trucking Co. v. Riss Int'l Corp.*, 763 F.2d 1148 (10th Cir. 1985), and *Federal Deposit Ins. Corp. v. United Pacific Ins. Co.*, 20 F.3d 1070 (10th Cir. 1994), for the standard of review to be applied. (Pet. App. at A5-A6).[4] Although the Federal Circuit did not cite any of the additional Tenth Circuit cases now cited in Oiness's petition,[5] in all fairness, neither did Oiness cite any

---

4. The Federal Circuit also cited several Tenth Circuit cases on the substantive law of damages: *Milgo Elec. Corp. v. United Business Communications, Inc.*, 623 F.2d 645 (10th Cir.), *cert. denied*, 449 U.S. 1066 (1980); *Sunward Corp. v. Dun & Bradstreet, Inc.*, 811 F.2d 511 (10th Cir. 1987); *Malloy v. Monahan*, 73 F.3d 1012 (10th Cir. 1996); *United States v. Griffith, Gornall & Carman, Inc.*, 210 F.2d 11 (10th Cir. 1954) (Pet. App. at A10-A11).

5. *Symons v. Mueller Co.*, 493 F.2d 972 (10th Cir. 1974); *Devery Implement Co. v. J.I. Case Co.*, 944 F.2d 724 (10th Cir. 1991); *Hurd v. American Hoist & Derrick Co.*, 734 F.2d 495 (10th Cir. 1984); *Yazzie v. Sullivent*, 561 F.2d 183 (10th Cir. 1977); *Thompson v. Kerr-McGee Refining Corp.*, 660 F.2d 1380 (10th Cir. 1981); *Frank v. Bloom*, 634 F.2d 1245 (10th Cir. 1980); *Joyce v. Atlantic Richfield Co.*, 651 F.2d 678 (10th Cir. 1981); *Stringer v. Dilger*, 313 F.2d 536 (10th Cir. 1963); *State Office Sys. v. Olivetti Corp. of Am.*, 762 F.2d 843 (10th Cir. 1985) (Pet. at 20-22).

of these cases in his brief to the Federal Circuit. Instead, Oiness merely cited a Federal Circuit case, *Tol-O-Matic, Inc. v. Proma Produkt-und Marketing Gesellschaft m.b.H.*, 954 F.2d 1546 (Fed. Cir. 1991), for the proposition that, "[u]nder 10th Circuit law, upon motion for JMOL and on appellate review, the court will disturb the verdict 'only if the evidence so conclusively favors [the moving party] that reasonable jurors could not arrive at a contrary verdict.' " (Pet. App. Br. at 7). In *Tol-O-Matic*, however, as in the present case, the Federal Circuit cited both Tenth Circuit and Federal Circuit cases regarding the standard of review, and specifically noted that the court had "discerned no significant difference between the Tenth Circuit's Standard of review of jury procedures and that expounded by the Federal Circuit." 945 F.2d at 1540 n.2.

Thus, whether one applies the Federal Circuit standard or the Tenth Circuit standard for reviewing the denial of a JMOL motion, the outcome of this case would not change because these standards are not substantially different. The jurisprudence of both circuits cautions against interfering with the proper role of juries and focuses on whether a jury's verdict is reasonable. *Compare Richardson v. Suzuki Motors Co.*, 868 F.2d 1226, 1235 (Fed. Cir.) (cited by Federal Circuit, Pet. App. at A6) ("[T]he appellate court's function is exhausted when that evidentiary basis [of jury's verdict] becomes apparent, it being immaterial that the court might draw a contrary inference or feel that another conclusion is more reasonable."), *cert. denied*, 493 U.S. 853 (1989), *with Frank v. Bloom*, 634 F.2d 1245, 1254 (10th Cir. 1980) (cited by Oiness, Pet. at 21) ("[R]eviewing courts are not at liberty to set aside jury verdicts merely because the reviewing judges feel that the opposite results seem more reasonable."). Oiness cannot, nor does he even try to, dispute this parallelism between the law of these circuits.

In sum, Oiness has not shown that the Federal Circuit's

decision on the standard of review applied in this case conflicts with the law of any other circuit, including the Tenth Circuit, or that application of the Tenth Circuit's standard of review would have had any effect on the outcome. A grant of certiorari to review the Federal Circuit's decision on this basis is clearly not warranted.

IV.

THE FEDERAL CIRCUIT'S PROCEDURES DO NOT VIOLATE THE SEVENTH AMENDMENT OR DUE PROCESS.

Having launched its full scale attack on the propriety of the Federal Circuit's selection and application of the standard of review, Oiness takes one last shot at the Federal Circuit's appellate procedures. Specifically, Oiness charges that the Federal Circuit's rules governing the contents of the briefs and the joint appendix result in a "gross denial of due process" and a violation of the Seventh Amendment. (Pet. at 24). Oiness argues that these rules do not permit the Federal Circuit to review the record as a whole for sufficiency of the evidence. (Pet. at 22).

Like Oiness's previous arguments, this argument, on its face, lacks merit. The Federal Circuit's rules merely prevent indiscriminate referencing to blocks of record pages and inclusion in the joint appendix of pages not referenced in the brief. *See* Fed. Cir. R. 30(a)(2). These rules do not in any way prohibit a party answering a challenge to the sufficiency of the evidence to include as much supporting evidence as it can, so long as it refers to that evidence in the brief. Oiness had that opportunity here, but was unsuccessful in convincing the appellate court that the evidence was sufficient to support the jury's verdict.

Other circuit courts of appeals have similar or comparable rules limiting the contents of the briefs and appendices. For example, in the Fifth Circuit Court of Appeals, parties may include in the appendix "those parts of the record referred to in the briefs." 5th Cir. Loc. R. 30.1.5. The local rules in the District of Columbia Circuit Court of Appeals prohibit parties from including in the appendix "material of excessive length or items that do not bear directly on the issues raised on appeal." D.C. Cir. R. 30(b). These rules merely permit the courts to resolve appeals expeditiously and unfettered by extraneous evidence and material.

Moreover, the Federal Circuit's rules expressly permit the transmission of the original or certified copies of the entire record or portions thereof from the district court when necessary. *See* Fed. Cir. R. 11(a). The court may order the transmission of the record on motion or sua sponte. *Id.* Oiness made no such motion in the Federal Circuit and should not be heard to complain now, having failed to ask the appellate court to consider the entire record.

Significantly, Oiness has not shown that the Federal Circuit's rules had any effect on the decision in this case. The parties filed a joint appendix of approximately 750 pages, which included over 500 pages from the trial transcript. Oiness does not point to any particular portions of the record below that were excluded by the Federal Circuit's rules and that would have made any difference if they been included in the materials submitted to the Federal Circuit.

By filing a petition for certiorari on such flimsy and facially inadequate grounds, Oiness has trivialized the entire process of seeking Supreme Court review. This case clearly presents no issue concerning the Federal Circuit's rules that is worthy of review on a petition for certiorari. Accordingly, the petition for certiorari should be denied.

CONCLUSION

For the foregoing reasons, the petition for writ of certiorari should be denied.

Respectfully submitted,

DONALD R. DUNNER
Counsel of Record
J. MICHAEL JAKES
FINNEGAN, HENDERSON, FARABOW,
GARRETT & DUNNER
Attorneys for Respondents
1300 I Street, N.W.
Washington, D.C. 20005
(202) 408-4000